

235. At the national poll on the 14th November, 1928, the vote for continuance was 374,502, or 51·07 per cent. of the total votes; for State purchase and control, 64,276, or 8·77 per cent.; and for prohibition, 294,453, or 40·16 per cent. The expenditure of the trade on this poll was £87,000, and of the New Zealand Alliance £11,000.

236. On 17th December, 1928, United Investments, Ltd., was formed with a capital of £8,000 for the purpose of purchasing leasehold interests and premises, and carrying on the business of hotelkeepers and licensed victuallers. This company purchased the Britomart Hotel in December, 1928, for £22,500. We shall refer later to the position of this hotel (para. 327 (3)).

237. In January, 1929, Hotel Auckland, Ltd., was incorporated, with a capital of £60,000, divided into 60,000 shares of £1 each. An agreement for the formation of this company had been made on the 15th October, 1928, for the purpose of acquiring the Hotel Auckland from the Endeau Estate for a consideration of £81,000. The agreement was dependent in certain ways upon the question whether national prohibition would be carried. Hancock and Co. held most of the shares, and the other shareholders included Sir Ernest Davis, Hon. E. R. Davis, and Mr. Oliver Nicholson. These three were the directors of the company.

238. In July of 1929 New Zealand Breweries increased its capital to £2,000,000 by the creation of 1,500,000 shares of £1 each.

239. In October, 1929, the Campbell and Ehrenfried Co. issued 85,602 bonus shares of £1 each fully paid, which brought their capital to 300,000 shares of £1 each fully paid. In November, 1929, the company reduced its capital from £300,000, divided into 300,000 shares of £1 each, to £150,000, divided into 300,000 shares of 10s. each, and the company effected the reduction by returning to its shareholders the sum of £150,000. The papers filed on the application to the Court show that the reduction was made on the ground that the company had been, and remained, over-capitalized and that half the capital might be prudently returned to the shareholders as it could not be profitably employed in the business of the company. The assets shown in the balance-sheet of the company as at the 31st October, 1929, stood at £473,180 14s. 7d. The affidavit of Sir Alfred S. Bankart, the chairman of directors, stated that, if these assets were sold at that time (November, 1929), they would realize £845,238 16s. 2d., or thereabouts, and that, on that basis, after the reduction was carried into effect, the company's assets and liabilities (including its share capital) would be as follows:—

					£	s.	d.
Assets	..	..	..	..	695,238	16	2
Liabilities	..	..	..	..	312,190	10	0
Surplus of assets over liabilities..	..	..	..	..	£383,048	6	2

240. In April, 1930, New Zealand Breweries, having, as already stated, increased its capital to £2,000,000 in July, 1929, capitalized the sum of £250,000, representing undivided profits, standing to the credit of the company's reserve funds, and gave its shareholders a bonus issue of one fully-paid £1 share for every two £1 shares held by them. In addition, shares of a nominal value of £342,271 were issued to debenture-holders of the company in return for the surrender of debentures of twice that nominal amount—viz., £684,542. This left a sum of £65,371 owing on debentures. It is obvious that, within six years from its formation, New Zealand Breweries, trading throughout New Zealand, had made very large profits for the benefit of its shareholders.

241. In April, 1930, a new company, Dominion Breweries, Ltd., was incorporated in Auckland, with a capital of £75,000, to take over:—

- (1) The business of the Waitemata Brewery and its brewery license; and
- (2) The wholesale wine and spirit business of Levers and Co., Ltd.